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**Date April 23, 1999**

**FTB NOTICE 99-5**

**SUBJECT:** DRAFT REGULATION SYMPOSIUM—INTERCOMPANY  
TRANSACTIONS PROPOSED 18 CAL. CODE OF REG.  
SECTION 25106.5 - 1

In the FTB's "Explanation of the Discussion Draft of the Section 25106.5-1A Regulations," and FTB Notice 97-10, dated September 30, 1997, the staff of the Franchise Tax Board released discussion draft regulations dealing with intercompany transactions. The most recent version of that discussion draft (dated April 15, 1999) is now on the FTB's website; this version of the discussion draft contains changes in subsection (f)(1)(B) to clarify that the Distribution in Excess of Basis Account (DISA) is deferred income and not negative basis.

The discussion draft regulations provide rules which pertain to such items as treatment of gains from intercompany transactions, acceleration, conversion of asset(s) to nonbusiness use, intercompany distributions, partially included water's-edge entities, and foreign country operations. The department received a comment requesting a public discussion forum for these draft regulations.

Therefore, the department will hold a symposium to discuss the discussion draft regulations on June 8, 1999, at the Franchise Tax Board, 9645 Butterfield Way, Sacramento, CA, in Room 1040, beginning at 9:30 a.m.

If the discussion draft regulations are officially noticed, comments submitted in conjunction with the symposium will be entered into the regulation record. Symposium participants may comment without name attribution. A summary of the symposium will be made available to all participants, and will also be entered into the regulation record. If you have any questions regarding the symposium, or if you wish to have a copy of the Discussion Draft Regulation, dated April 15, 1999 sent to you, contact Ms. Beverly Moore at (916) 845- 3354 (E-mail: bev\_moore@ftb.ca.gov).

**Drafting Information**

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